

Message Text

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PAGE 01 BUDAPE 02700 111307Z
ACTION EB-04

INFO OCT-01 SS-14 ISO-00 EUR-08 NSC-05 NSCE-00 INR-05
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FM AMEMBASSY BUDAPEST
TO SECSTATE WASHDC 9115
INFO USMISSION GENEVA

C O N F I D E N T I A L BUDAPEST 2700

LIMDIS

MTN GENEVA FOR CULBERT

E.O. 11652: GDS
TAGS: EEWT, PFOR, HU
SUBJECT: CONTINUATION OF TECHNICAL TRADE TALKS

REF: (A) STATE 159277, (B) STATE 171267 (NOTAL),
(C) BUDAPEST 2472, (D) STATE 184925

1. EMBOFFS MET WITH JANOS NYERGES OF HUNGARIAN MINISTRY OF FOREIGN TRADE AUGUST 10 TO CLARIFY HUNGARIAN CONCEPT OF SUGGESTED CONTINUATION OF TECHNICAL TRADE TALKS. NYERGES EXPLAINED THAT HE HAD AGREED WITH SUGGESTION OF U.S. SIDE DURING JUNE MEETINGS TO GET BACK TOGETHER AT G-18 MEETING BECAUSE HE HAD NOT BEEN PREPARED IN JUNE TO REACT TO U.S. PAPERS ON TWO SUBJECTS: A. MARKET DISRUPTION, AND B. BUSINESS FACILITATIONS. THE U.S. SIDE, CONVERSELY, HAD AGREED TO REACT TO HIS COMMENTS REGARDING PROPOSED COUNTERVAILING DUTY REGULATIONS. NYERGES WOULD LIKE TO COMPLETE THE DIALOGUE ON THESE THREE ISSUES BEGUN IN JUNE; HE WOULD OF COURSE BE PREPARED TO CONSIDER ANY U.S. SUGGESTIONS FOR ADDITIONAL
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TOPICS.

2. NYERGES RECEIVED PAPERS FROM U.S. SIDE ON MARKET DISRUPTION AND ON BUSINESS FACILITATION (COMMENT: HE DID NOT FURTHER DESCRIBE THESE PAPERS. EMBASSY ASSUMED THESE ARE PAPERS ON PROCEDURES FOR HANDLING SEC. 406 CASES MENTIONED PARA 5 REFTTEL A,

AND LIST OF POSSIBLE BUSINESS FACILITATION TOPICS
MENTIONED PARA 7 REFTEL A). HE HAS NOW STUDIED THESE

PAPERS AND IS PREPARED TO COMMENT ON THEM.

3. IN JUNE 29 MEETING WITH TREASURY DEPT ASST SEC
SUCHMAN (REFTEL B), NYERGES EXPRESSED HOPE THAT PROPOSED
COUNTERVAILING DUTY REGULATIONS WOULD NOT EXPLICITLY
REFER TO QTE STATE-CONTROLLED ECONOMIES UNQTE. HE
SUGGESTED THAT AN ALTERNATE FORMULATION MIGHT BE FOUND
WHICH WOULD NOT AUTOMATICALLY AND EXPLICITLY DISCRIMINATE
AGAINST COMMUNIST COUNTRIES. SUCHMAN AGREED THAT TREASURY
LAWYERS WOULD EXPLORE THE POSSIBILITY OF ALTERNATE
FORMULATIONS; NYERGES UNDERSTOOD THAT HE WOULD BE
INFORMED OF THE RESULTS OF THIS STUDY.

COMMENT: GOH IS CLEARLY CONCERNED WITH POSSIBLE IMPACT
-- AND WITH DISCRIMINATORY ASPECT -- OF PROPOSED U.S.
COUNTERVAILING DUTY REGULATIONS. VILAGGAZDASG HAD
LONG ARTICLE ON THIS TOPIC AUGUST 3 (SEE A-53,
AUG 12) AND DEPUTY FOREIGN TRADE MINISTER ISTVAN TOROK
RAISED THIS ISSUE IN AUGUST 9 MEETING WITH SENATOR
BIDEN. END COMMENT.

4. NYERGES WROTE TO BARRACLOUGH JULY 26 REGARDING
MEETING IN GENEVA. LETTER WAS SENT THROUGH OPEN MAIL;
TEXT AS FOLLOWS: QUOTE DEAR MR. BARRACLOUGH, I RECALL
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OUR TALKS WHEN WE AGREED TO CONTINUE OUR EXCHANGE OF
VIEWS ON THE OCCASION OF THE MEETING OF COMMISSION
G-18 IN VENEVA WHICH WAS ENVISAGED FOR THE 18TH OF THIS
MONTH. MEANWHILE A NEW DATE - 22 AND 23 SEPTEMBER -
HAS BEEN SET FOR THE MEETING OF THE COMMISSION AND I
DO HOPE THAT YOU WILL FIND THIS PERIOD SUITABLE FOR
OUR EXCHANGE OF VIEWS. YOU WOULD OBLIGE BY INFORMING
ME ABOUT THE EXACT TIME AND PLACE WHICH YOU PROPOSE
FOR OUR MEETING. LOOKING FORWARD TO HEARING FROM YOU,
YOURS SINCERELY, /S/ UNQUOTE

5. COMMENT AND RECOMMENDATION: NYERGES' CAREFULLY
STATED POSITION WAS THAT A) HE HAD RESPONDED TO A U.S.
SUGGESTION DN AGREEING TO CONTINUE TRADE TALKS AT A
CONVENIENT TIME AND PLACE, E.G. AT G-18 MEETING AND
B) THEREFORE SUCH CONTINUATION WAS IN NO WAY A FRESH
GOH INITIATIVE OR SUGGESTION FOR ACTUAL NEGOTIATIONS.
GIVEN CLEARLY DEFINED AND LIMITED AGENDA OF PARAS 2 AND 3,
AND MUTUAL AGREEMENT AT END OF JUNE TALKS TO CONTINUE
DISCUSSIONS, EMBASSY RECOMMENDS THAT APPROPRIATE U.S.
REPRESENTATIVES MEET WITH NYERGES AT G-18. BARRACLOUGH
AND WOLFE, OR QUALIFIED SUBSTITUTES, COULD RECEIVE AND

NOTE NYERGES' COMMENTS ON MARKET DISRUPTION AND
BUSINESS FACILITATION. IT WOULD BE IMPORTANT TO
HAVE SOMEONE PRESENT WHO COULD SPEAK AUTHORITATIVELY
TO COUNTERVAILING DUTY ISSUE, AND WHO COULD ASSURE
NYERGES THAT USG HAS TAKEN HUNGARIAN CONCERNS
SERIOUSLY. EMBASSY IS CONCERNED THAT FAILURE TO MEET
IN VENEVA OR TO SUGGEST CONCRETE ALTERNATIVE MIGHT BE
TAKEN AS INDICATION OF DECLINING U.S. INTEREST IN
CONTINUING PROCESS OF IMPROVING ECONOMIC TIES WITH
HUNGARY.
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